



Response to the *Tackling Child Poverty and Improving Life Chances* consultation

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Introduction

1. This response is based on the analysis of available evidence and draws on the work, experience and expertise of Child Poverty Action Group (CPAG). CPAG is the leading charity campaigning for the abolition of poverty among children and young people in the UK and for the improvement of the lives of low income families. CPAG aims to: raise awareness of the causes, extent, nature and impact of poverty and strategies for its eradication and prevention; bring about positive policy changes for families with children in poverty; and enable those eligible for income maintenance to have access to their full entitlement. CPAG is a founder member, and the current host, of the campaign to End Child Poverty. This work gives CPAG particular experience and insights on which to draw in evaluating the current proposals.
2. The passage of the Child Poverty Act 2010 confirmed the emergence of a political consensus that tackling child poverty is important. As David Cameron wrote in 2008, *“poverty at this time in this country is simply inexcusable,”*¹ and Nick Clegg in 2010 drew a key link between poverty and fairness: *“reducing poverty, at any particular point in time is hugely important in building a fairer nation.”*²
3. As measured by the most widely accepted international poverty measure, that is living in a household below 60 percent of median equivalised income before housing costs, child poverty fell in the last decade, from 3.4 million, or 26 percent of all children in 1998/99, to 2.8 million, 21.8 percent, in 2008/09 (the latest available figures).³ Using after housing costs, our preferred measure as we believe it more accurately indicates available family income, poverty fell from 4.4 million, 34 percent, to 3.9 million, 30 percent, over the same time period.⁴ This represents considerable progress, following the significant rises in child poverty in previous decades, with child poverty more than doubling (on an after housing costs basis) between 1979 and 1998.⁵
4. However, the target to halve child poverty by 2010/11 looks almost certain to be missed, and the Institute for Fiscal Studies estimates that although child poverty will fall to 18.8 percent, or 2.5 million children by 2011, by 2013 it will have risen again to 20.5 percent, or 2.7 million children (BHC). After housing costs, child poverty is predicted to rise from 26.6 percent, or 3.5 million

¹ See David Cameron, ‘My pledge on child poverty’, *The Telegraph*, 9 March 2008. – available at www.telegraph.co.uk/news/uknews/1581192/David-Cameron-My-pledge-on-childpoverty.html

² See Deputy Prime Minister Nick Clegg’s speech, 18 August 2010 – available at www.cabinetoffice.gov.uk/newsroom/news_releases/2010/100818-socialmobility.aspx

³ These figures define child poverty as falling below 60 percent of median equivalised income before housing costs. Mike Brewer, James Browne, Robert Joyce and Luke Sibieta (2010) *Child poverty in the UK since 1998-99: lessons from the last decade* Institute for Fiscal Studies.

⁴ DWP 2010 Households Below Average Income Survey 2008/09, DWP online at http://statistics.dwp.gov.uk/asd/hbai/hbai_2009/index.php?page=chapters

⁵ Using a definition of poverty based on falling below 60 percent of normalized median income after housing costs. M Brewer and P Gregg, “Eradicating Child Poverty in Britain: Welfare Reform and Children since 1997” (Institute for Fiscal Studies, 2001), available at <http://www.ifs.org.uk/wps/wp0108.pdf>.

children, to 27.8 percent 3.6 million children.⁶ A fall of 1.3 percent in the proportion of children who were poor in the five years between 2008 and 2013 (BHC) clearly represents slower progress than that which will be needed if the ambitious but necessary aim of ending child poverty by 2020 is to be achieved.

5. The Child Poverty Act requires the Government to publish a strategy setting out the action it will take to meet the statutory target to end child poverty by 2020, within 12 months of the Act's passage, that is, by the 25th of March 2011. The publication of the first child poverty strategy represents a vital opportunity to set out the policies for both the short and long term that will ensure that no child in Britain is condemned to a life in poverty, and we look forward to working with the Government to end child poverty. This paper sets out the actions that Child Poverty Action Group believes will bring success. At the end, we comment on the specific questions set out in the Government's consultation paper.⁷
6. The structure of this paper is as follows:

⁶ Mike Brewer and Robert Joyce (2010) *Child and working age poverty from 2010 to 2013* Institute for Fiscal Studies.

⁷ Department for Education (2010) *Tackling Child Poverty and Improving Life Chances: Consulting on a New Approach* available at:
<http://www.education.gov.uk/consultations/index.cfm?action=consultationDetails&consultationId=1737&external=no&menu=1>

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7. **A. Child Poverty in Britain today**

i) **Why does child poverty matter?**

8. Child Poverty Action Group believes that child poverty is an injustice that harms our society and demeans our nation. Children are excluded by a lack of family income and household resources, which damage children's experience of childhood, development and future life chances. It imposes costs not only on children themselves but on our society and economy. The *Child Poverty Act 2010* cemented the cross party consensus that tackling child poverty should be a priority for any government.
9. Children also have the right not to live in poverty. The Convention on the Rights of the Child, to which the UK is a signatory, states that every child has the right to "a standard of living adequate for the child's physical, mental, spiritual, moral and social development" (Article 27).

Child poverty damages children's experiences of childhood:

10. Child poverty prevents children from enjoying a full and fulfilling childhood, and causes them to miss out on the things that their peers take for granted.
11. As research published by the Department for Work and Pensions in 2009 concluded, children living below the poverty line⁸:
- Worry that there will not be enough money coming into the household to meet their or their family's needs.
 - Lack important childhood possessions, like toys, bicycles and games.
 - Have reduced chances to make and sustain friendships due to the cost of social occasions.
 - Experience restricted opportunities at school due to an inability to pay for additional study materials, and to take part in school trips and other social activities.
 - Experience bullying and fear stigma and social isolation, due to visible signs of 'difference' - a lack of the same material goods and clothing as their peers.
12. For example, the latest HBAI survey suggested that 12 percent of children in the bottom income quintile cannot afford to go on a school trip once a month, and 30 percent are in families that cannot afford a home with enough bedrooms for each child over 10 of a different gender to have their own rooms⁹.
13. We welcome the Government's commitment to developing a measure of well-being. We hope that this will include the well-being of children, where research shows that child poverty has significant damaging effects, particularly when it impacts on children's home environment.¹⁰

⁸ Tess Ridge (2009) *Living with poverty: a review of the literature on children's and families experiences of poverty* DWP Research Report No. 594.

⁹ DWP 2010 Households Below Average Income Survey 2008/09, DWP online at http://statistics.dwp.gov.uk/asd/hbai/hbai_2009/index.php?page=chapters

¹⁰ Mark Tomlinson and Robert Walker (2009) *Coping with complexity: child and adult poverty* Child Poverty Action Group.

Child poverty damages children's development and life chances:

14. A lack of income and family resources damages a child's life chances. As Frank Field's review of poverty and life chances for the Government concludes:
15. *Compared to other children, those from households with low income or lower socio-economic status are: more likely to suffer infant mortality; more likely to have pre school conduct and behavioural problems; more likely to experience bullying and take part in risky behaviours as teenagers; less likely to do well at school; less likely to stay on at school after 16; and more likely to grow up to be poor themselves.*¹¹
16. We know that the ways in which poverty affects children's life chances are complex and not fully understood. As the Field review sets out, important factors include:
 - Parental income;
 - Parenting behaviours;
 - The home learning environment;
 - Environmental factors - including nursery education, and later, schools.
 - Factors at the level of the individual child.
17. The relative influence of each of these types of factors can be debated; but the clear link between income poverty and poorer outcomes for children cannot be ignored. A strategy to improve life chances for children must include substantial action to ensure that families have sufficient resources to provide their children with a stable, stimulating, environment free from damaging stresses.
18. As Paul Gregg, Carol Propper and Elizabeth Washbrook stated in a 2008 paper

*“whilst our results clearly show that lack of income is only one of a host of disadvantages faced by low income children, it would be misleading to conclude that income plays no role in parents' ability to foster positive developmental outcomes. **Indeed, if the income gradient does reflect causality, then in comparative terms low household income must be considered one of the primary drivers behind the deficits - broadly defined - of poor children.**”*¹²
19. When it comes to determining children's life chances **income and money matter**. Improving children's life chances clearly requires a focus of family incomes and resources.

¹¹ Frank Field (2010) *The Foundation Years: preventing poor children becoming poor adults: The report of the Independent Review of Poverty and Life Chances* HM Government.

¹² Paul Gregg, Carol Propper and Elizabeth Washbrook (2008) *Understanding the relationship between parental income and multiple child outcomes: a decomposition analysis* CMPO Working Paper Series No 08/193

Child poverty has costs for our society and economy:

20. The Joseph Rowntree Foundation calculates that poverty costs around £25 billion a year. Around £12 billion of these are from the 'fallout costs' of child poverty, about 60 percent of which is on personal social services, school education, and police and criminal justice. The other £13 billion of costs are those from the 'lost' contribution of adults who grew up in poverty, compared to what they might have given had they grown up in more affluent circumstances, including the costs of extra benefit payments and lower tax revenues.¹³
21. Improving children's experiences in the early years can have a significant impact on their later outcomes. As the Field review concludes, "*It is highly productive to invest in disadvantaged young children - there is no trade-off between the equity and the efficiency of investment for this group of children.*"¹⁴ The welcome current focus on early intervention emphasises that it is more efficient (as well as more socially just) to *invest to prevent problems* rather than to deal with the costs of them later.
22. An affluent nation such as the UK need not bear these costs. Unicef's *Report Card 9*, published in November 2010, compared the performance of OECD nations in tackling material inequality amongst children. Although this is a different measure to income poverty, it is clearly closely related. The UK scores poorly, coming 19th out of 24 countries, in part because of high levels of income inequality and poor housing. By contrast, the UK scores better in terms of educational well-being (13th) and health well-being (11th) because of our universal health and education services.¹⁵ There is nothing inevitable about the UK's high level of child poverty and the associated social and economic costs. The child poverty strategy is a vital opportunity to tackle these.

ii) Why do some families experience poverty?

23. Tackling child poverty requires us to understand it. We need to know why families with children are more likely to be poor than other households, and why some families with children are more likely to be poor than others. Examining why children in the UK are more likely to be poor than those in other developed nations also provides insight into what strategies will be needed to tackle poverty here. Finally we need to know what has happened to child poverty in recent years, to assess what has worked and what hasn't. Here we set out brief answers to these questions.
24. **Family incomes are too low:** Low family incomes lead to child poverty, but it hasn't always been the case that relative low income was so widespread a problem for families, nor does it have to be the case in 2011. Child poverty levels in the UK are dynamic, and have historically been much lower. For example, in 1975 the child poverty rate (as defined by 60 percent of the then

¹³ D Hirsch, Estimating the costs of child poverty, Joseph Rowntree Foundation, 2008

¹⁴ Frank Field (2010) op cit Note 10.

¹⁵ UNICEF (2010), *The Children Left Behind: A league table of inequality in child well-being in the world's rich countries*, Innocenti Report Card 9, UNICEF Innocenti Research Centre, Florence.

median income) was only 15 percent. In contrast, pensioner poverty has dramatically declined over the years, from 40 percent in the mid '60s to 16 percent in 2008/09¹⁶. International comparisons are also telling, with most European countries having much lower levels of child poverty. For example, in Scandinavia child poverty rates are less than half of British rates¹⁷. There is nothing inevitable about low family incomes in Britain, they have not always been, nor do they have to be so low that so many children grow up below the poverty line.

25. **Children impose extra costs for all families, but for low income families these costs drive them into poverty:** It is self evident that children impose extra costs on families – and have an impact on families' abilities to secure additional income (via employment) to cover those costs. The Joseph Rowntree Foundation's research into minimum income standards for Britain concluded that to achieve a basic but acceptable standard of living in 2010 a single person needed to have at least £175.34 a week, a pensioner couple to have at least £222.22, and a couple with two children at least £402.83.¹⁸
26. The poverty figures suggest that families with children are significantly less likely to achieve these incomes than other family types, or the lesser amounts needed to lift them over the poverty line. Twenty three percent of couple families with children are poor, compared to 13 percent of couples without children and 15 percent of pensioner couples; 49 percent of single parent families are poor, compared to 26 percent of single men, 27 percent of single women and 18 percent of single pensioners.¹⁹
27. However, families with children have not always been poorer than other family types. In 1979, the risk of poverty was ten percentage points greater for pensioners than for families with children. By 2004-05, the reverse was true.²⁰ High levels of child poverty in the UK are not inevitable, and the risk of disadvantage that comes with the costs of children need not be realised if sufficient social protection is in place.
28. CPAG will be undertaking further work in 2011 to quantify the costs of children and establishing a realistic approach to understanding the extra financial needs of families with children.
29. **Children in large families, those living with single parents, those from a minority ethnic group, children of migrant families, those affected by disability, and those in London face a higher chance of being in poverty than other children (and there is significant overlap between all these groups):**

¹⁶ Department for Work and Pensions (2010) *Households Below Average Income: An analysis of the income distribution 1994/95 -2008/09* Department for Work and Pensions

¹⁷ Unicef (2007) *Child Poverty in Perspective: An Overview of Child Well-being in Rich countries*, Innocenti Report Card 7, Innocenti Research Centre, Florence.

¹⁸ Abigail Davis, Donald Hirsch and Noel Smith (2010) *A Minimum Income Standard for the UK* Joseph Rowntree Foundation.

¹⁹ Department for Work and Pensions (2010) *Households Below Average Income: An analysis of the income distribution 1994/95 -2008/09* Department for Work and Pensions.

²⁰ Donald Hirsch (2006) *What will it take to end child poverty? Firing on all cylinders* Joseph Rowntree Foundation.

30. Looking at all children, just under a third, 30 percent, live below 60 percent of median income, After Housing Costs, the headline measure of poverty. Compared to this some groups are significantly more likely to live in poverty:
- 50 percent of children living with a single parent are below the poverty line.²¹
 - 78 percent of children in families where nobody is working are in poverty (compared to 13 percent where all adults in the family are in work, and 40 percent where some adults are working but not all).²² However, many more poor children live in families where someone is working than do in families where no-one is: in 2008/09 there were 2.1 million children in working families who were poor, compared to 1.6m in families without work.²³
 - Children living in larger families with three or more children have a 40 percent risk of poverty.²⁴
 - Family disability increases the risk of poverty: 35 percent of families with a disabled child are poor, as are 40 percent where there is a disabled adult, and 42 percent where there is a disabled adult and a disabled child.²⁵
 - All families headed by someone who is not White have a significantly increased risk of poverty, particularly Bangladeshi and Pakistani families. Families headed by someone of Indian origin have a poverty rate of 36 percent, those by someone of Bangladeshi or Pakistani origin a rate of 66 percent, those by someone of Black Caribbean origin a rate of 36 percent, those by someone of Black non Caribbean origin a rate of 56 percent and those by someone of Chinese or another ethnic origin a rate of 36 percent.²⁶
 - While families with drug or alcohol dependency problems are more likely to be poor, problems of these kinds cannot explain the overwhelming majority of child poverty in Britain today. One estimate suggests that just 2.7 percent of couples with children include an alcohol dependent parent, and just 0.9 percent include a drug dependent parent;²⁷ substance abuse clearly cannot explain the fact that 24 percent of couples with children are poor.
 - Families living in London are disproportionately likely to live in poverty, 16 percent of all children in poverty in the UK reside in London. This means that 44 percent of children living in inner London, for example, live below the poverty line compared to 26 percent of children living in the South West of England.²⁸

²¹ Department for Work and Pensions (2010) *Households Below Average Income: An analysis of the income distribution 1994/95 -2008/09* Department for Work and Pensions.

²² Department for Work and Pensions (2010) *Households Below Average Income: An analysis of the income distribution 1994/95 -2008/09* Department for Work and Pensions.

²³ Anushree Parekh, Tom MacInnes and Peter Kenway (2010) *Monitoring poverty and social exclusion 2010* Joseph Rowntree Foundation.

²⁴ Department for Work and Pensions (2010) *Households Below Average Income: An analysis of the income distribution 1994/95 -2008/09* Department for Work and Pensions.

²⁵ Department for Work and Pensions (2010) *Households Below Average Income: An analysis of the income distribution 1994/95 -2008/09* Department for Work and Pensions.

²⁶ Department for Work and Pensions (2010) *Households Below Average Income: An analysis of the income distribution 1994/95 -2008/09* Department for Work and Pensions.

²⁷ Source Melzer et al 1995 adapted Aldridge and Becker 2003 cited in Nick Gould (2006) *Mental health and child poverty* Joseph Rowntree Foundation.

²⁸ Department for Work and Pensions (2010) *Households Below Average Income: An analysis of the income distribution 1994/95 -2008/09* Department for Work and Pensions

- Migrant children are especially vulnerable to poverty; incomes for migrant families are often significantly lower than average for a range of reasons and they can lack access to basic support from the welfare state.²⁹ Please refer to CPAG's separate submission on child poverty in migrant communities.

31. **Compared to countries that are effective in tackling child poverty, Britain has higher rates of families out of work, a higher rate of in work poverty, and a system of financial support that fails to protect families sufficiently against poverty**

32. A 2010 report for the European Commission on child poverty and well-being in the European Union concluded that:

Countries with good child poverty outcomes... [have].. a combination of three factors: high labour market participation of parents, low in work poverty and effective income support.

...[the three Nordic countries in particular have relatively generous maternity benefits, combined with relatively high child or family benefits (to help defray the cost of having children) and wide availability of free or low cost childcare (to enable both parents and women in particular to work). There is also a generous parental leave entitlement (to make it easier for women with children to take up paid employment) and active labour market policies which provide significant assistance and support for those who have difficulty finding a job].³⁰

33. Policy in the UK still falls down in many of these areas:

- It is still too difficult for families to combine work with childcare, and the recession has increased the chances of families being out of work. Parental employment rates increased in the last decade, (see below) however, in 2007, while across the EU25 an average of 7 percent of children lived in jobless households, in the UK this figure was 15 percent.³¹ There are currently 5.3 unemployed people for every vacancy (prior to the recession the ratio was 2.2).³²

Families who do have paid work in the UK are still too likely to still be living in poverty. Over half of all poor children in the UK (59 percent) have a parent who is in paid work.³³ Comparatively, by the European Commission definition of employment as 'employed for 6 months of the year or more', while the proportion of households with children who are working and poor is slightly lower in the UK than the EU average (9 percent compared to 10 percent), it is significantly higher than that for

²⁹ Jill Rutter (2011) 'Migration, migrants and child poverty' in *Poverty* 138, pp. 6-10

³⁰ TÁRKI Social Research Institute (Budapest, Hungary)Applica (Brussels, Belgium) (2010) *Child poverty and child well-being in the European Union* Report for the European Commission DG Employment, Social Affairs and Equal Opportunities Unit E.2

³¹ TÁRKI Social Research Institute (Budapest, Hungary)Applica (Brussels, Belgium) (2010) *Child poverty and child well-being in the European Union* Report for the European Commission DG Employment, Social Affairs and Equal Opportunities Unit E.2

³² TUC (2010) *Labour Market Report Number 9, November 2010* TUC.

³³ Department for Work and Pensions (2010) *Households Below Average Income: An analysis of the income distribution 1994/95 -2008/09* Department for Work and Pensions

countries that perform well on child poverty such as the Netherlands (3 percent) or Denmark (4 percent).³⁴

- The UK has a relatively low level of expenditure on supporting families, and our social security system clearly fails to protect a large number of families from poverty. Average expenditure on Family Benefits across the European Union in 2007 was 2 percent of GDP, whereas the UK spent just 1.5 percent. We also place less priority on families in our system of social transfers - expenditure on families represents 6 percent of all social protection transfers in the UK, compared to an EU average of 8 percent.³⁵

34. In the previous decade, significant progress was made in reducing the number of children experiencing poverty. But the measures that helped increase the number of families in work, increase incomes for all families – particularly the poorest, and expanded early years provision provided good foundations but did not go far enough, and momentum was lost:

- The introduction of Working Tax Credits for families, expanded childcare and active labour market policies helped to significantly increase the proportion of lone parents in paid work,³⁶ and the proportion of working parents in couples also increased. The lone parent employment rate increased from 45 to 57 percent between 1997 and 2010, the employment rate for mothers in couples increased from 68 to 71 percent, and that for fathers in couples from 88.7 to 89.4 percent. In 2008, before the recession, the employment rate for fathers had been 91 percent. Analysis by the Institute for Fiscal Studies (IFS) shows that increases in the lone parent employment rate in particular were an important contributor to the reduction in child poverty between 1997 and 2004/05.³⁷
- The IFS analysis also shows that increases in parental incomes through the tax and benefit system also played a key role in reducing child poverty. They find that: “*The years in which child poverty rose (2005–06, 2006–07 and 2007–08) stand out as years in which tax and benefit reforms were much less child poverty-reducing... This is very suggestive evidence that the tax and benefit system has been a key driver of both: i) the substantial overall reduction in child poverty since 1998–99 and ii) the slowdown in progress towards the child poverty targets between 2004–05 and 2007–08.*” They demonstrate that these increases acted not just to lift children over the poverty ‘line’ of 60 percent of median income, and that child poverty would have fallen if this line had been drawn anywhere from 43 percent to 100 percent of median income.³⁸ We are sceptical about the capacity for ability of any policy to target a particular poverty line with accuracy, even if this were to have been the policy intent. That is, it is extremely implausible

³⁴ European Foundation for the Improvement of Living and Working Conditions (2010) *Working poor in Europe* available at:

<http://www.eurofound.europa.eu/pubdocs/2010/25/en/1/EF1025EN.pdf>

³⁵ TÁRKI Social Research Institute (Budapest, Hungary)Applica (Brussels, Belgium) (2010) *Child poverty and child well-being in the European Union* Report for the European Commission DG Employment, Social Affairs and Equal Opportunities Unit E.2

³⁶ Paul Gregg, Susan Harkness and Sarah Smith (2007) *Welfare reform and lone parents in the UK* Centre for Market and Public Organisation.

³⁷ Mike Brewer, James Browne, Robert Joyce and Luke Sibieta (2010) *Child poverty in the UK since 1998-99: lessons from the last decade* Institute for Fiscal Studies.

³⁸ Mike Brewer, James Browne, Robert Joyce and Luke Sibieta (2010) *Child poverty in the UK since 1998-99: lessons from the last decade* Institute for Fiscal Studies.

that any policy could be designed in such a way that it simply moves families just below any chosen income threshold to just above it, even if this was the desire of policy makers. The suggestion that policies can be designed in this way is misleading.

- There is evidence to suggest that these increased family incomes can affect families' lives across a range of indicators, beyond just financial measures. For example, Gregg *et al* suggest that income itself affects parental psychological functioning and children's socio-emotional and health outcomes³⁹.
 - Some progress was also made to improve children's life chances during the early years. The most recent evaluation of Sure Start Local Programmes, introduced in 1999, looked at outcomes for children aged five in areas in which a programme had been running, comparing their outcomes to those with no programme. They found that there were six positive effects, two negative effects and several 'non effects' on children's development. They conclude that there is "*some evidence for the view that government efforts to support children/families via the original area-based approach to Sure Start paid off*" but that greater emphasis needs to be given to children's outcomes.⁴⁰
 - Overall, the number of children who failed to gain any qualification has declined from 35,000 in 1999 to 7,000 in 2009⁴¹. There is evidence that the attainment gap between poor children, those claiming free school meals, and other children, declined between 2003 and 2008.⁴²
35. It is extremely unlikely that the target to halve child poverty by 2010/11 will be met (although it should be noted that the assertion in the consultation paper that child poverty rose between 2004 and 2010/11 is incorrect –the latest child poverty figures refer to 2008-09, and child poverty is predicted to fall again before 2010/11⁴³). But this failure should not be seen as evidence that all of the approaches taken in the past ten years have been wrong, and there is evidence to suggest that without them, child poverty figures would be even higher⁴⁴. Below we set out where we believe that they need to be intensified, and where we think a change of track is required.
36. In each section we set out changes we need to see to policy now, and the longer term strategic directions that the Government needs to pursue.

³⁹ Paul Gregg, Carol Propper and Elizabeth Washbrook (2008) *Understanding the relationship between parental income and multiple child outcomes: a decomposition analysis* CMPO Working Paper Series No 08/193

⁴⁰ The National Evaluation of Sure Start Team (2010) *The impact of Sure Start Local Programmes on five year olds and their families* Department for Education Research Brief 067.

⁴¹ Anushree Parekh, Tom MacInnes and Peter Kenway (2010) *Monitoring poverty and social exclusion 2010* Joseph Rowntree Foundation.

⁴² Alissa Goodman and Paul Gregg (eds) (2010) *Poorer children's educational attainment: how important are attitudes and behaviour?* Joseph Rowntree Foundation.

⁴³ Mike Brewer and Robert Joyce (2010) *Child and working age poverty from 2010 to 2013* Institute for Fiscal Studies.

⁴⁴ Mike Brewer, James Browne, Robert Joyce and Luke Sibieta (2010) *Child poverty in the UK since 1998-99: lessons from the last decade* Institute for Fiscal Studies

37. **B. Approaches to ending child poverty by 2020**

38. In this section we focus on three of the areas that the child poverty consultation highlights: Early intervention and the 'Foundation Years', employment and skills; and financial support. In relation to devolving power, CPAG believes that local authorities and their partners have an important role to play in tackling child poverty and we have worked with Inclusion to develop a local child poverty toolkit⁴⁵ to support local partners to develop local child poverty strategies. However key tax, benefits and employment powers that impact on child poverty are likely to remain in Westminster and our response focuses specifically on these, rather than on issues of devolving power.

39. Although this response concentrates on these areas, we think that it is important that the child poverty strategy covers the breadth of areas set out in the 'building blocks' in the Child Poverty Act, including children's physical and mental health, the provision of information and advice to parents, the importance of housing and the built environment and social inclusion. A focus solely on the 'Foundation Years' and early intervention runs the risk of narrowing the multi-dimensional approach to poverty underpinning the *Child Poverty Act*. Neglecting these building blocks is likely increase family insecurity and child poverty in the future.

i) **Early intervention and the Foundation Years**

40. We agree that investing in the early years is vital for improving children's life chances but strongly disagree with any suggestion that such an investment should come at the expense of boosting family incomes. We see investment in the early years as a strategy that must sit alongside measures that improve family income, and therefore children's lives in the here and now, as well as in the future. The Field review suggests that there is some sort of implicit trade off between investment in early year's services and investment in family incomes. However, such a trade off simply will not work; it is impossible to trade children's wellbeing today for their improved outcomes tomorrow. Moreover, investment in the early years will not be successful in producing positive child outcomes if families are too poor to support these. For example, a quality early years place is unlikely to produce good health outcomes if a family is unable to heat their overcrowded home. Investing in life chances must go beyond investment in early year's services and be spread across broad support for children from low income families, including financial support.

41. **What needs to happen now?**

- **We agree with the need to prioritise high quality early education, care and services for the most disadvantaged children, but the investment needed to ensure quality must be delivered.** We support the recommendation of the Field Review that a Foundation curriculum stage should be developed, including a commitment to graduate-led

⁴⁵ Available at www.childpovertytoolkit.org.uk

childcare for all disadvantaged two year olds. The evidence suggests that at best, quality is highest in the maintained sector and Children's Centres, and that private and voluntary providers struggle to establish themselves in disadvantaged areas.⁴⁶ Achieving quality in the foundation stage cannot be done on the cheap,⁴⁷ and parents in the most disadvantaged areas will not be able to subsidise the development of quality. Unicef recommend that countries invest at least 1 percent of GDP in early childhood education and care.⁴⁸ However, as the Field review makes clear, considerable savings can be achieved over the long term through investing early. We think that Government should be following the principle applied in the Work Programme of investing up front in order to recoup long term gains.

- **Sure Start centres need protected funding.** Sure Start is an important agent of change in addressing child poverty and social mobility. Ending the requirement for Sure Start centres in the most deprived communities to provide daycare is especially counterproductive as this will inevitably mean fewer families using the centres and receiving the kind of early intervention the Frank Field's review and Graham Allen's initial report highlight as critical. The loss of Sure Start centres would be an unwelcome narrowing of the child poverty strategy.
- **We welcome plans to equitably increase school funding as one means of driving down the attainment gap in schools between rich and poor children.** We hope that the way in which schools spend this money will be made transparent. **We also endorse the recommendation of the Field review that schools should be held to account for reducing the attainment gap in the same way that they are for overall attainment.**
- **The equality impact assessment documents for spending decisions being taken now should include an assessment of their impact on children's life chances and child poverty.** We believe that many of the spending decisions being taken now will make it harder to improve children's life chances in the medium term. Changes to Housing Benefit that force children to change schools and cuts to funding for books for young children are examples of policies which might score poorly against any life chances assessment.

42. **What needs to happen in the longer term?**

- **Children's quality of life and their life chances are contingent on family income. Achieving the changes set out above to the labour market and safety net will be vital to improving life chances for all children. These are not 'either or' strategies.**
- **The education system cannot alone tackle wider social inequalities. However, at the moment it appears to compound these and must be**

⁴⁶ Verity Campbell-Barr and Alison Garnham (2010) *Childcare: A review of what parents want* Equality and Human Rights Commission.

⁴⁷ For example Daycare Trust estimated in 2009 that ensuring quality would involve an increase of at least 150 percent in the costs of early childhood education and care in full day care and sessional settings, a total cost to parents and Government of around £9 billion. Daycare Trust (2009) *Quality costs: paying for Early Childhood Education and Care* Daycare Trust.

⁴⁸ Unicef Innocenti Research Centre (2008) *The childcare transition: A league table of early childhood education and care in economically advanced countries* Unicef.

oriented to narrowing attainment gaps from birth to 16. The recommendations in the Frank Field review provide a good start.

- **The evidence suggests that countries with a more equal income distribution achieve greater social mobility. A more progressive system of taxation would encourage a more socially mobile society.** As the Liberal Democrat-established independent commission on social mobility concluded, “countries characterised by greater equality tend to have greater [social] fluidity...For example, Scandinavian countries combine some of the highest levels of ‘social fluidity’ with amongst the lowest levels of inequality in the developed world, while the opposite holds true in the United States.”⁴⁹ We believe that the proposals which we set out for the labour market may help to reduce inequality, and hence increase social mobility. But we also believe that there is scope for a more progressive taxation system to play its role in enhancing the life chances of all children. Countries with a higher level of income equality not only improve their children’s life chances, but their wellbeing.⁵⁰
- A focus on parenting and processes within the family *alone* is unlikely to tackle child poverty; **any focus on parenting needs to be addressed in tandem with measures to improve family income.** As the ‘transmission of deprivation’ discussion and debates in the 1970’s highlighted, driven by Sir Keith Joseph’s assertion that parenting and family practices were critical to breaking a cycle of disadvantage⁵¹, the link between parenting and poverty is not straightforward or direct⁵². Poverty is not transmitted across generations through poor parenting, instead structural and behavioural factors need to be addressed to improve children’s life chances.
- Further, while some families with multiple needs may have low incomes, there are some families with complex needs that have high incomes. There is no evidence to suggest that families with low incomes are any worse at parenting than families in any other income group. Families that need intervention are a small sub set of families across *all* income brackets. **This needs to be considered when deciding what interventions are appropriate.**

ii) Employment and skills.

43. The UK is historically poor at enabling parents to combine childcare with a job that can lift their family out of poverty. Child Poverty Action Group believes we need immediate action to help make work pay for all families, and a longer term strategy to rethink how the labour market works for parents. We need to be thinking both about where jobs are to come from, and what type of work they provide, and about the balance of wages and in work financial support in

⁴⁹ Independent Commission on Social Mobility (2009) *Report from the Independent Commission on Social Mobility* available via the Liberal Democrat website at http://s3.amazonaws.com/ld-migrated-assets/assets/0001/0263/Social_Mobility_Report_Final.pdf

⁵⁰ Kate E. Pickett and R.G. Wilkinson ‘Child wellbeing and income inequality in rich societies: ecological cross sectional study’ *British Medical Journal* 2007; 335 : 1080

⁵¹ John Welsham 2005 ‘Ideology, Social Science, and Public Policy: The Debate Over Transmitted Deprivation’ *Twentieth Century British History* 16(3) pp. 306-341

⁵² Muriel Brown & Nicola Madge. 1982 *Despite the Welfare State* DHSS Studies in Deprivation and Disadvantages Heinmann, London.

ensuring that working families do not experience poverty. At present, more than half of children (59 percent) living in poverty have a parent in paid work, and 20 percent come from households where all adults work (BHC).⁵³

44. **What needs to happen now?**

- **Growth strategies for the UK must include a focus on creating jobs that will lift families out of poverty.** Plans to ensure economic recovery and economic growth need to put the creation of sustainable jobs for families at their heart.
- **The Universal Credit** represents a significant opportunity to simplify the system of in work benefits, and progress towards ensuring that families always see a gain from entering paid work. But it is too early to tell whether the Universal Credit will achieve these objectives because many critical issues have yet to be resolved; for example, it is vital that the incomes of the poorest families are protected, that the principle that money for children and childcare is paid to the main carer is maintained and that the options for fortnightly payments remain available, as yet these details remain unclear. Any system of means tested benefits inevitably involves trade offs between unemployment traps (the incentive to work at all), and poverty traps (the incentive to earn more). These need to be made explicit within any new system. We are particularly concerned about eligibility to passported benefits, especially Free School Meals, under the Universal Credit. The system will need to ensure that children in low income families are able to access this valuable support without facing a disincentivising cliff face.
- **While families wait for the Universal Credit, work incentives should be restored.** The Universal Credit is due to start in 2013.⁵⁴ We understand that this timescale is necessary to work out both the timescale and the I.T. The lesson of tax credits is that major changes to entitlements should not be rushed. But in the meantime, changes being made to the tax credit and benefit system will act to reduce work incentives, in particular the reduction of the proportion of childcare costs paid from 80 to 70 percent due to be implemented in April 2011.⁵⁵ This change will see working families lose £370m in 2011/12, rising to £500m in 2014/15⁵⁶. We believe Government should urgently consider reversing this change.
- **The coalition's commitment to introduce flexible working for all⁵⁷ should be fast-tracked.** Creating a culture where it is normal for men and women, parents and non- parents, to work flexible working patterns is vital to making paid work more compatible with parenting. The CBI found that introducing flexible working practices was the most common response by firms to the recession.⁵⁸ We believe that fast-tracking the commitment to flexible working would encourage them to think about how these practices might continue during the recovery.

⁵³ Department for Work and Pensions (2010) *Households Below Average Income: An analysis of the income distribution 1994/95 -2008/09* Department for Work and Pensions

⁵⁴ DWP (2010) *Universal Credit: Towards Welfare that Works* HMSO.

⁵⁵ The increase in the taper rate for tax credits from 39 to 41 pence in the pound also acts to worsen work incentives, compared to the present, and freezing of the basic element of Working Tax Credit, rather than increasing it by RPI decreases them relative to what they would otherwise have been.

⁵⁶ Hansard 9 Feb 2011, column 282w

⁵⁷ HM Government (2010) *The Coalition: Our Programme for Government* Cabinet Office.

⁵⁸ CBI (2009) *Employment Trends 2009: Work patterns in the recession* CBI.

- The Universal Credit represents another opportunity to make it possible for families to adopt flexible working practices, for example to make it possible for men to work fewer hours and women to work more. Rather than adopting a male breadwinner model, a redesigned benefits system could make it possible for fathers to reduce hours while mothers pick them up without impacting on family incomes. This fits better with the desires of modern families to share parenting. However, aspects of the Universal Credit seem to assume a male breadwinner model and are unlikely to realise this opportunity with poor work incentives for second earners. Work incentives for second earners need to be improved within the Universal Credit proposals.
- **Investment in employment programmes, including those in Jobcentre Plus, should be maintained**, ensuring that families who have lost their jobs receive a quality and effective service. Much stronger guarantees of entitlement are required so that promises of high quality and personally tailored support are met.
- **Government must publish a childcare strategy** setting out how the provision of childcare will expand to meet the needs of working parents, and to achieve the coalition's ambition to tackle early childhood disadvantage. A childcare strategy must recognise that childcare is not a dead cost for government and that it supports growth in GDP and revenue to the Exchequer by enabling more parents to access employment.

45. **What should be the direction of the strategy?**

- **The respective work done by wages and tax credits to make work pay should be reconsidered, with a strategy to tackle low pay.** Government spent approximately £11,920 million on tax credits (Child and Working Tax Credits) for families in work in 2007-08.⁵⁹ Much of this heavy lifting is being done because the jobs held by families pay insufficiently to help them escape poverty. While there will always be a role for in work financial support, Government needs to examine how it can tackle the low pay culture endemic in the UK. Strategies will include increases in the National Minimum Wage, and an end to the gender pay gap. Action will be needed to increase the National Minimum Wage relative to median earnings, close the gender pay gap, lead best practice on living wages in the public sector.
- **Part of this strategy must be a plan to increase the skills of parents now, not just future parents.** The education system is clearly vital to increasing the skills, and ability to gain and generate better paying jobs, of future parents. However, poverty damages children's ability to access education and our current system is poor at improving the skills of those who missed out on a high quality education first time round. The aim to pay Work Programme providers who are helping the long term unemployed back to work for more sustainable job outcomes may encourage more of a focus on skills provision. But the outcomes for parents within the work programme must be monitored to ensure that they are not being passed over in favour of more 'employable' single people.

⁵⁹ Table 3, HM Revenue and Customs Analysis Team (2010) *Child Benefit, Child Tax Credit and Working Tax Credit Take up Rates 2007-08* HMRC.

The decision to scrap fee concessions for parents not in work⁶⁰ is short sighted in this area, and should be reversed. Improving employment sustainability should be the key test of any welfare to work programme, and this may require that we spend more in order to save. 2009 research for the Department for Work and Pensions showed that while the UK is at the 'top of the league' in terms of placing increased pressure on benefits claimants, it is among the lowest spenders on Active Labour Market Programmes in terms of GDP.⁶¹

- **We need to expand on flexible working policies to create good quality jobs which enable both mothers and fathers to combine paid work with parenting.** Government needs to think about the working patterns it wishes to encourage in families. We believe we need a less gendered pattern of employment, and one in which both parents may work shorter hours. Ending child poverty will need a significantly higher parental employment rate (and lower in-work poverty) than that seen today. To achieve this Government needs to think about how it can encourage a more even distribution of employment both within and between families. At present, the incentives being set up by the Universal Credit appear to go against this trend, encouraging couple families to have one earner only.⁶² Proposals to consider how to more effectively share parental leave, the extension of this leave, and the provision of high quality affordable childcare will all be vital in this area.
- **Government must have a long term employment strategy focussed on reducing the UK's economic dependency on poverty pay.** If we continue to have so many workers subject to poor pay and conditions, we will not achieve the reductions to in-work poverty that are required for the child poverty targets to be met. Problem sectors need to be identified so that persistence and growth in poverty pay jobs is prevented. For example, care workers for the elderly are currently at very high risk of poverty due to poor pay in the sector. We know that due to the ageing population this will be a growing sector in the coming years. If pay does not improve in the sector it will help have an upward pressure on child poverty in working households.
- **Support employers to recruit a wider range of employees and root out discrimination.** Discrimination in the labour market remains a problem. People from ethnic minorities, women and disabled people face huge barriers to employment as a result of discrimination. Ethnic minority groups experience a pay penalty and are discriminated against when applying for a job⁶³ and this helps to explain the high levels of poverty amongst some minority ethnic groups (see para 30).

⁶⁰ Department for Business Innovation and Skills (2010) *Skills for sustainable growth Strategy Document* BIS.

⁶¹ Anne Daguerre with David Etherington (2009) *Active labour market policies in international context: what works best? Lessons for the UK* DWP Working Paper No. 59

⁶² Mike Brewer, Robert Joyce and Wenchao (Michelle) Jin (2011) *Universal credit: a preliminary analysis* Institute for Fiscal Studies.

⁶³ Department for Work and Pensions, *A test for racial discrimination in recruitment practices in the UK*, 2009

iii) **Financial support**

46. The current 'safety net' leaves very many families living well below the poverty line, with damaging effects on children's health, education and life chances. We know that income transfers cannot alone end child poverty. But they have played a key role to date in improving the lives of many children, and getting the design and generosity of our system of financial support for families right is vital to helping families in poverty now, and to preventing families from falling into poverty in the future.

47. **What needs to happen now?**

- **Child Benefit should remain a Universal Benefit.** Child Benefit recognises that children bring extra costs, and helps to spread these across the life-cycle. It is popular, well understood, and has near universal take up. Means-testing child benefit will add complexity to the system, at the very time when the Universal Credit is aiming to simplify it. As it currently is, the Child Benefit is a financial support that is not withdrawn as earnings rise, so does not produce disincentives to enter work or increase earnings and aids social mobility. The Child Benefit cuts should be reversed. Rather than cutting Child Benefit, the Government should be investigating how to safeguard this simple and effective investment in children, possibly by increasing the rate for the second and subsequent children.
- **The changes to Housing Benefit should be reversed. In particular, the 10 percent cut in Housing Benefit for families claiming Jobseeker's Allowance for more than a year should not go ahead.** Three major cuts have been imposed on Housing Benefit (or Local Housing Allowance): families who have been claiming Jobseeker's Allowance for more than a year will see a 10 percent cut imposed; the amount that families can claim will be set at the 30th percentile of rents rather than at the median as at present, and there will be a cap imposed on the total amount of benefits that any family can claim, with excess removed first from Housing Benefit. The DWP's assessment of the changes, not including the 10 percent cut for 12 month claimants of JSA, finds that 227,650 families with dependants will lose out, over half of claimants in this category.⁶⁴ The average loss will be £13 - equivalent to the value of Child Benefit for second and subsequent children. We believe that these measures are fundamentally incompatible with a commitment to tackling child poverty.
- **Families with young children should be prioritised for spending as they have lost the most in changes announced this financial year.** Families with young children have lost out significantly in the programme of cuts. The removal of the Health in Pregnancy Grant (£190), the Baby Element of Tax Credits (£545), and the Sure Start Maternity Grant for second and subsequent children (£500), could see a low income family who have a second child worse off by at least £1235 in their child's first year of life (and this does not include changes to tax credits or Child Benefit uprating policy, or the loss of the £500 into the Child Trust Fund).

⁶⁴ DWP (2010) *Impact of Housing Benefit proposals: Changes to the Local Housing Allowance to be introduced in 2010-11* DWP.

In addition the planned Toddler Tax Credit of £208 a year for children aged one and two has been cut.

48. **What should be the direction of the strategy?**

- **We should tilt the balance of policy towards universal benefits (and services).** European evidence shows that countries that prioritise universal benefits, rather than targeting strictly on the basis of income, tackle child poverty more effectively.⁶⁵ Government should consider carefully the costs of claiming benefits, the perverse incentives involved in means-testing, and the wider public support for universal benefits. Means-tested benefits create poverty traps, and make it hard for families to consider leaving the benefit system behind. Universal benefits are better at hitting their target – namely children – than means tested benefits.
- **The value of the safety net should be maintained.** One of the key reasons for the dramatic increases in child poverty during the 1980s was the failure of benefits to keep pace with rises in earnings.⁶⁶ Recent research by the Joseph Rowntree Foundation concluded that “*it will be virtually impossible for the government to end child poverty if payments for families with children rise more slowly than average household incomes.*”⁶⁷ We cannot know that earnings will rise faster than the Government’s current chosen uprating indicator, the Consumer Prices Index.⁶⁸ However, the Joseph Rowntree Foundation concluded that even to maintain current poverty levels, uprating needs to keep pace with rises in median incomes. If these are larger than increases in the CPI Government will need to reconsider the principles it is using to uprate benefits for families other than pensioners.
- **While increases in child contingent benefits alone cannot end child poverty, they must be a part of the strategy.** Attempting to eradicate child poverty using income transfers alone would be unaffordable, unsustainable and undesirable, but this does not mean that income transfers should not be a key part of the child poverty strategy. It is essential to take into account the significance of the UK spending a lower proportion of GDP on benefits for families than the European average. As discussed above, the UK spends a lower proportion of GDP on benefits for families than the European average, and a lower proportion of our total benefits expenditure goes to children than elsewhere (see section A). Increases in expenditure on children are affordable if Government’s have the will to make the UK truly family friendly. This may involve reconsidering the balance between taxation and spending, along the lines of the principles of fairness and progressivity. Taxation must be viewed as part of broader fiscal policy, and in particular that the vital role which taxation plays in tandem with benefits for children.⁶⁹ As set out

⁶⁵ Miles Corak, Christine Lietz, Holly Sutherland (2005) *The Impact Of Tax And Transfer Systems On Children In The European Union* EURMOD Working Paper EM4/05

⁶⁶ John Hills (1998) *Income and wealth: the latest evidence* Joseph Rowntree Foundation.

⁶⁷ Holly Sutherland, Martin Evans, Ruth Hancock, John Hills and Francesca Zantomio (2008) *The impact of benefit and tax uprating on incomes and poverty* Joseph Rowntree Foundation.

⁶⁸ As announced in the Budget of July 2010 for benefits and tax credits, but not pensions.

⁶⁹ More details about these principles are available from Tim Nicholls (2011) *The Fundamental Principles of Tax Policy: Submission to the Treasury Committee* CPAG

above, we believe that in the long term the balance of Government expenditure on support for families should be towards universal benefits, including social insurance-based benefits.

- **The economic and fiscal benefits of ending child poverty should be considered as part of the strategy.** The Joseph Rowntree Foundation has estimated that child poverty costs the UK £25 billion a year, of which £17 billion is a cost to the exchequer in public spending demand and lost revenue. There are substantial fiscal and economic benefits to be gained from investment in child poverty reduction, especially in the context of the Government's stated strategy of pursuing long term economic goals, which must be actively pursued. In making spending decisions in accordance with the Government's policy of eliminating the structural budget deficit over five years, attention must be paid to economic and fiscal multipliers. Low income families have the highest marginal consumption rates, so greater financial assistance for these households through income transfers is associated with a strong economic multiplier effect. The benefit this has to the economy must be recognised.

49. **C. Tracking progress**

50. We believe that the poverty measures set out in the child poverty bill, developed after extensive consultation and accepted in Parliament, are the right ones for assessing progress against the Statutory duty to end child poverty by 2020.

51. **The strategy must set out a clear timeline trajectory of progress for meeting the 2020 targets.** While the trajectory may not be linear, the strategy must demonstrate how the Government expects measures in the strategy to lead directly or indirectly to measurable reductions in relative income poverty, material deprivation, persistent poverty and absolute poverty. This should include explanations of how the impacts of the different measures within the strategy combine to form realistic and well evidenced trajectories to meeting the targets in 2020. The success made in reducing child poverty over the last decade must be properly recognised with a credible projection for the situation in the 2010/11 baseline year for the strategy.

52. We believe that the suite of Life Chance Indicators recommended in the Field review will provide a useful supplement to the measures of poverty, and help to determine the development of the child poverty strategies published by Government. A well-being index could be usefully supplement this, but it could not supplant child poverty measures.

53. **D. Response to specific consultation questions**

54. **Question 1: What do you think are the key points from the Frank Field Review which the Government needs to incorporate into the child poverty strategy?**

55. **Question 2: What are your thoughts on the best way to incorporate early intervention into the child poverty strategy? (Note: We expect that the Graham Allen Review's interim report will be published before our consultation closes on the 15th February 2011. Respondents are welcome to include any reflections on the report in their responses).**
56. These questions are addressed in detail in Section B above, and are summarised below:
57. We agree that investing in the early years is vital for improving children's life chances, but strongly disagree that investment in the early years needs to be traded off against financial support for families. We see this as a strategy that sits alongside measures that in helping improve family income, improve children's lives in the here and now, as well as in the future. Investing in life chances must go beyond investment in early year's services and be spread across broad support for children from low income families, including financial support. There can be no trade off between improving future outcomes for tomorrow and improving family incomes today. This trade off simply will not work.
58. Instead, improving life chances and improving family incomes must be seen as two sides of the same coin. As Paul Gregg, Carol Propper and Elizabeth Washbrook stated in a 2008 paper, *"whilst our results clearly show that lack of income is only one of a host of disadvantages faced by low income children, it would be misleading to conclude that income plays no role in parents' ability to foster positive developmental outcomes. Indeed, if the income gradient does reflect causality, then in comparative terms low household income must be considered one of the primary drivers behind the deficits - broadly defined - of poor children."*⁷⁰ Family incomes matter.
59. **We agree with the need to prioritise high quality early childhood education and care and services for the most disadvantaged children, but the investment needed to ensure quality must be delivered.**
60. We support the recommendation of the Field Review that a Foundation curriculum stage should be developed, including a commitment to graduated childcare for all disadvantaged two year olds. The evidence suggests that at best, quality is highest in the maintained sector and children's centres, and that private and voluntary providers struggle to establish themselves in disadvantaged areas.⁷¹ Achieving quality in the foundation stage cannot be done on the cheap,⁷² and parents in the most disadvantaged areas will not be able to subsidise the development of quality. Unicef recommend that countries invest at least 1 percent of GDP in early childhood education and

⁷⁰ Paul Gregg, Carol Propper and Elizabeth Washbrook (2008) *Understanding the relationship between parental income and multiple child outcomes: a decomposition analysis* CMPO Working Paper Series No 08/193

⁷¹ Verity Campbell-Barr and Alison Garnham (2010) *Childcare: A review of what parents want* Equality and Human Rights Commission.

⁷² For example Daycare Trust estimated in 2009 that ensuring quality would involve an increase of at least 150 percent in the costs of early childhood education and care in full day care and sessional settings, a total cost to parents and Government of around £9 billion. Daycare Trust (2009) *Quality costs: paying for Early Childhood Education and Care* Daycare Trust.

care, whereas in England and Wales we spend half as much.⁷³ However, as the Field review makes clear, considerable savings can be achieved over the long-term through investing early. We think that Government should be following the principle applied in the Work Programme of investing up front in order to recoup long term gains.

61. **As a first step to implementing Frank Field's recommendations, Government must publish a childcare strategy** setting out how the provision of childcare will expand to meet the needs of working parents, and to achieve the coalition's ambition to tackle early childhood disadvantage.
62. We welcome plans to equitably increase school funding as one means of driving down the attainment gap in schools between rich and poor children. We hope that the way in which schools spend this money will be made transparent. We also endorse the recommendation of the Field review that schools should be held to account for reducing the attainment gap in the same way that they are for overall attainment.
63. **In addition to the recommendations contained in the Field review, we believe that the equality impact assessment documents for spending decisions being taken now should include an assessment of their impact on children's life chances and child poverty.** We believe that many of the spending decisions being taken now will make it harder to improve children's life chances in the medium term. Changes to Housing Benefit that force children to change schools and cuts to funding for books for young children are examples of policies which might score poorly against any life chances assessment.
64. **Question 3: Do you agree with our working definition of socio-economic disadvantage?**
65. The definition of socio-economic disadvantage outlined in the consultation document defines a child as disadvantaged when they "lack parental resources and/or opportunities to participate in meaningful activities, services and relationships, and such experiences during childhood – especially over persistent periods of time – negatively affect children's wellbeing, development and future life chances".
66. We broadly agree with this definition, but think that it will be important to come to a clearer definition of 'parental resources'. A definition of 'socio-economic' disadvantage needs to make clear that these resources will primarily be material – in line with the clear evidence that material resources have a significant impact on children's experiences and their development⁷⁴. We know that children experience other types of disadvantage, including in their home learning environment, and in the type of early education that they access. If it is intended to include these factors within the definition of 'parental resources', these need to be more clearly specified.
67. **Question 4: Are these the right areas for the child poverty strategy to cover?**

⁷³ Unicef Innocenti Research Centre (2008) *The childcare transition: A league table of early childhood education and care in economically advanced countries* Unicef.

⁷⁴ See for example, Frank Field (2010) op cit Note 10.

68. Broadly, the areas identified in the strategy of:
- Early intervention and the 'Foundation Years';
 - Employment and skills; and
 - Financial support
69. Correspond to the key areas we have identified above. Priorities within each of these areas are set out within section B.
70. Beyond this, **the child poverty strategy must explicitly address the building blocks** as outlined in the Child Poverty Act, including housing and environmental aspects.
71. It is also critical that the child poverty strategy not be narrowed, and the impact of other reforms and cuts on child poverty be considered. A coherent child poverty strategy needs to consider broader aspects like the continuation of Sure Start centres and the impact of Housing Benefit reforms, for example. Section B outlines some of the broader areas a strategy should address.
72. **Question 5: Do you agree that the role and the remit of the Child Poverty Commission should be broadened to reflect the new approach?**
73. We welcome the Government's proposal to strengthen the remit of the Child Poverty Commission. The proposal is consistent with the requirements of the child poverty legislation, and we welcome its establishment without further delay. If established within a reasonable time frame, a Commission would be well placed to provide expert advice to politicians in Westminster, Scotland, Northern Ireland and Wales receive in preparing their devolved strategies.
74. Child Poverty Action Group welcomes a broader role for this strengthened Commission. The core remit of the Commission needs to continue to be a focus on advising how to best meet the income based child poverty targets as set out in the Act. Beyond this, the role of a broader Commission must be to 'triangulate' evidence about the broad impacts of poverty on children, including child development and life chances. While the broader focus is vital in overseeing a successful child poverty strategy, the role and remit of the Commission needs to remain focused on tackling the socio-economic disadvantage produced by poverty.
75. We are concerned by the length of time that it has taken to establish the Commission. *The Child Poverty Act* suggests that the Child Poverty Commission would have significant expertise in child poverty policy⁷⁵, and it would be desirable for this Commission to have been established prior to this consultation in order to inform the strategy. The delay in establishing this Commission meant that this was not possible and this may be in breach of the Act.
76. **Question 6: What do you think makes the most difference to the life chances of children?**

⁷⁵ *Child Poverty Act* (2010) Section 8.1(4).

77. We believe that it is important not just to improve children's life chances, but their experience of childhood. This document sets out how we believe this can best be achieved.
78. **Question 7: Are there additional measures, compatible with our fiscal approach, which could help us combat poverty and improve life chances?**
79. **Question 8: What further steps can be taken to help local authorities and partners to reduce poverty and improve life chances?**
80. **Question 9 : How can the voluntary, community and private sectors contribute most effectively to local approaches to tackling child poverty and improving life chances?**
81. Our ideas for additional measures and approaches to tackling child poverty are outlined above, in section B. The fiscal approach must take into account the economic and fiscal advantages of reduced child poverty, as is consistent with the long term approach to economic development the government has stated it is committed to. This is also covered in section B.